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Wasabi gets \$112M in funding, as CEO says he'd consider a SPAC deal

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Cloud data storage Wasabi has raised a new \$112 million round, the largest since its launch four years ago.

But even with that new influx of cash, CEO David Friend said he would consider a deal with a special purpose acquisition company, or SPAC, which represents an alternative, faster way to access the public markets.

The Boston startup, which raised \$27.5 million in debt financing earlier this year and has data centers in the U.S., Europe, and Japan, came out of stealth in 2017 with a cloud storage system it billed as faster and less expensive than Amazon Web Services. It's the sixth startup founded



GARY HIGGINS

FILE — David Friend, CEO and co-founder of cloud storage provider Wasabi Technologies at his Prudential Center office. As for going public, he said, "if we didn't do a SPAC, I think the likelihood is we would go public by the end of 2023. No matter what. So, the SPAC might just be a way to do it earlier."

by former Carbonite Inc. CEO Friend over 40 years, and employs a total of 125 people.

Massachusetts has been a hotbed for locally-based SPACs as well as target companies, or companies onboarding a SPAC to go public. The list of tech firms slated to go public later this year through SPACs include SoftBank-backed robotics company Berkshire Grey, based in Bedford, and 3D-printing company Markforged Inc., based in Watertown.

Since late January or early February this year, Friend said he got half a dozen calls from SPACs. "We're sort of a high flyer, and they're looking for these kinds of deals," he said.

Friend went through an initial public offering as chief executive of Carbonite in 2011, and is aware of the downsides of a traditional IPO: "It's not cheap, and it's a lot of trouble. It's a lot of work," he said.

"My analysis is that doing a SPAC is very competitive with a traditional IPO process," he said. "I would consider a SPAC as a way to raise money and to get liquidity for the company ... What I need to do now is start to look at how we would deploy that kind of money, and if it's possible for us to use \$300 million of new money."

He added, "We have a lot of investors and those investors will ultimately want to get some kind of liquidity. So, if we didn't do a SPAC, I think the likelihood is we would go public by the end of 2023. No matter what. So, the SPAC might just be a way to do it earlier."

Fidelity Management & Research Company led the latest round, a Series C which closed at the end of March. With the new cash, Wasabi plans to continue its international expansion by building data centers in the U.K., Singapore, and a second data center in Japan. Australia, Brazil, Canada, the Middle East and India are other markets that Wasabi is targeting over the next 18 months.

The investment gives the company a valuation of \$675 million, according to Friend.

Lucia Maffei

Technology Reporter

Boston Business Journal

